



State of Utah

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Insurance Department

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Are You Covered in the Event of an Earthquake?

At 3:20 a.m. on Sunday, August 24, 2014, while most people slept, a 6.0 earthquake hit near the city of Napa, California. People were rolled out of their beds, water and gas lines were ruptured, fires ignited, glass shattered and furniture tossed several feet. Local hospitals and clinics reported a sharp increase in the number of people being admitted for cuts, broken bones and other medical conditions.

"This is a wakeup call for Utahans," said Utah Insurance Commissioner, Todd E. Kiser. "People need to know that damage from an earthquake is not covered under their homeowners and renters policies. In fact, it is specifically excluded. Commissioner Kiser explained that many insurers will add this coverage as an endorsement to the homeowner or commercial property policy with an additional premium to the existing policy. It should be noted that earthquake covers landslides, but only if triggered by the earthquake.

One policy that covers catastrophic occurrences, and is independent of the homeowner policy, is a Difference in Conditions Policy. This policy can be purchased to provide for one or multiple catastrophic coverages like earthquake, mudslide or landslides, and flooding.

"To check into purchasing one or more of these catastrophic coverages people should talk to their agent," encouraged Commissioner Kiser, "and where possible get quotes from two to three companies." The Utah Insurance Department, a State regulatory agency, has a list of 20 companies that sell earthquake insurance in Utah at <https://insurance.utah.gov/other/market-share-reports/index.php>.

Earthquake coverage is quite unique from a homeowners policy in a number of ways:

- There is a separate deductible for each coverage area: the dwelling, other structures, personal property, and loss of use. Deductibles are normally set at 5% or 10% of the coverage limit. For example, a 5% deductible on a dwelling covered for \$100,000 would be \$5,000. The average rate per \$1,000 in value of a structure, with a 10% deductible, is \$5.16 for a brick dwelling and \$1.53 for a frame dwelling.
- There is a 10 to 30 day waiting period before coverage is effective. If a geographical area has recently experienced seismic activity, many insurers will stop selling earthquake

coverage for a period of time. The key is to purchase coverage before the earth begins to move.

- You should know that multiple earthquake shocks within a 72 hour period are normally considered to be one earthquake. This provision makes an earthquake and its aftershocks one occurrence, preventing an insured being charged a deductible for each earthquake or aftershock.

Finally, you need to be aware that automobile and other vehicles may or may not be covered for earthquake damage under their policies. Talk with your agent and read your policy carefully to be sure.

Commissioner Kiser encourages insurance consumers to have an annual check-up with their insurance agents. "Ask the hard questions. Do not assume that you have coverage. Be pro-active in planning and preparing for future exposures."

For more information about earthquake insurance click on the following link, <https://insurance.utah.gov/auto-home/home/earthquake.php>. If you have questions after talking with your agent or insurance company call the Utah Insurance Department's Property and Casualty Division at (801)538-3035 and talk with one of our specialists.

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The Utah Insurance Department is a State agency. Its mandate is to regulate insurance marketed and sold in Utah. Currently more than 95,000 agents, agencies, and insurers are licensed; domestic insurers are audited to verify financial stability and compliance with insurance laws; administrative action is taken against licensees found to be in violation of insurance laws; calls from consumers with questions or complaints are taken; and licensees and consumers are educated regarding insurance. For more information visit <http://www.insurance.utah.gov/> or call toll free in-state @ 1-800-439-3805 or locally @ 801-538-3077.